

Before the  
**Federal Communications Commission**  
Washington, DC 20554

In the Matter of

Application by Verizon New Jersey Inc.,     )  
Bell Atlantic Communications, Inc.         )  
(d/b/a Verizon Long Distance), NYNEX       )  
Long Distance Company (d/b/a Verizon       )  
Enterprise Solutions), Verizon Global       )  
Networks Inc., and Verizon Select Services   )  
Inc., for Authorization to Provide In-Region, )  
InterLATA Services in New Jersey            )

**CC Docket No. 01-347**

**COMMENTS OF**

**TELECOMMUNICATIONS RESEARCH AND ACTION CENTER**

January 14, 2002

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## **I. INTRODUCTION**

The **Telecommunications Research and Action Center (TRAC)** respectfully submits the following Comments in response to Verizon's application to provide long distance services in New Jersey. TRAC has been reporting on changes in the long-distance market ever since competition first emerged. TRAC was particularly interested in the effect Verizon's entry would have on consumer choice in for long-distance and local telephone services. TRAC believes that competition benefits consumers and entry into the long distance market by Verizon and others means significant savings especially for residential, and low-volume residential long distance callers. Over the last two years, TRAC has monitored the impact of state telecommunications regulatory activity on consumers in a number of states.<sup>1</sup> Recently, TRAC prepared a study which projected the amount of savings that New Jersey residential consumers could realize on long distance costs after one year of increased competition. (Attachment1).

## **II. STATEMENT OF INTEREST**

TRAC is a non-profit organization based in Washington, DC. Its primary goal is to promote the interests of residential telecommunications customers. TRAC produces a publications series called *TeleTips* that researches the prices and services of residential and small business long distance plans. TRAC also produces *TeleTips* publications that

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<sup>1</sup> A TRAC study completed in April 2001 concluded that one year after Verizon's entry into the New York long-distance market, over 1.7 million residential customers had switched to Verizon's long-distance offerings. Those customers were projected to save between \$79 and \$284 million annually on their long-distance telephone bills. A September 2001 TRAC report estimated that consumers in Pennsylvania, Illinois, Florida and Georgia could collectively save between \$200 and \$730 million a year. A November 2001 TRAC study of the California market revealed potential consumer savings resulting from greater competition in the telecommunications market of \$89 to \$354 million annually.

compare the prices and services offered by directory assistance and dial around (or "10-10") numbers.

*TeleTips* publications allow residential and small business customers to be more informed about the prices they are paying for telecommunications services. *TeleTips* also allows customers to compare their current carrier with other carriers to determine if they can save money by switching to another carrier or by using alternative services. TRAC also operates an informative website ([www.trac.org](http://www.trac.org)).

### **III. SUMMARY OF THE COMMENTS**

TRAC has since its inception reported on the changes in the long-distance market. TRAC is of the view that competition in local and long distance telephone service markets benefits consumers. TRAC notes that in the markets where Section 271 authority has been granted to Regional Bell Operating Companies (RBOCs), consumers have benefited by the increase in local and long distance services offered by competitors. TRAC's study estimates that New Jersey residential consumers could save between \$22 million and \$167 million on long distance costs after one year of increased competition. Additionally, while TRAC cannot comment on Verizon's compliance with Federal Communication Commission's 14-point check list as prescribed by the Telecommunication's Act of 1996,<sup>2</sup> TRAC notes the New Jersey Board of Public Utilities found that "[a]fter a comprehensive and extensive study, Verizon demonstrated its compliance with the Federal Telecommunications Act."<sup>3</sup>

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<sup>2</sup> Telecommunications Act of 1996, Public Law 104-104 (S.652). Hereinafter referred to as the "Act" or the "Telecommunications Act."

<sup>3</sup> New Jersey Board of Public Utilities President Connie O. Hughes. Press Release (January 9, 2002).

What is important for the Commission to consider is the public interest in empowering residential and low-volume long distance users to benefit from increased competition. It is clear by recent moves by the “big three” long distance carriers that low-volume users are being targeted for rate increases and other spurious charges.<sup>4</sup> The Commission should consider the potential benefit of the residential consumers to save money -- these savings are clearly in the tens of millions (see IV below) and nationwide could be a billion or more. While there are many factors to be considered by the Commission in making a decision on these applications, the documented and potential savings by residential consumers should be a major consideration.

#### **IV. COMMENTS**

TRAC’s timely December 13, 2001 study projects that within one year of Verizon’s entry into the long-distance market, over 750,000 New Jersey customers will switch to Verizon’s long-distance service. These consumers could realize between \$22 million and \$167 million of annual savings due to increased competition in the long-distance telephone market. What is particularly striking, as noted by the chart below, is that these savings affect low-volume and day users most significantly.

#### **Summary of Projected New Jersey Consumer Savings One Year**

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<sup>4</sup> Long-distance firms are raising rates “by looking for anyplace they can find that customers will overlook or think it’s such a small part of the bill,” said Robert Self, a telecommunications consultant who wrote the book “Long Distance for Less.” *AT&T, Sprint, MCI Hike Rates, Long-Distance Fees Aren’t All Clear* By Caroline E. Mayer and Christopher Stern. Washington Post, page E01. (January 1, 2002).

After Verizon's Entry Into the New Jersey Long-Distance Market		
Savings	Low-estimate	High-estimate
Statewide (annual)	\$ 22,214,382	\$ 166,838,038
Individual Customer (annual)	\$ 29.47	\$ 221.33
Statewide (monthly)	\$ 1,851,199	\$ 13,903,170
Individual Customer (monthly)	\$ 2.46	\$ 18.44
Customers Affected	753,797	753,797

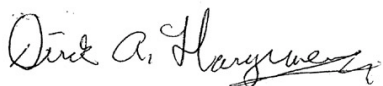
(See attached December 13, 2001 TRAC New Jersey Savings Study)

New Jersey consumers could reasonably expect savings between \$1.8 and \$13.9 million each month for one year after Verizon's entry into the long-distance market. Each of the approximately 750,000 customers that might switch to Verizon for long-distance service could reasonably be expected to save between \$2.46 and \$18.44 a month, or \$29.47 and \$221.33 a year.

## V. CONCLUSION

TRAC believes that the record of consumers savings, actual and potential is an important public interest factor for the Commission to consider in weighing whether to grant 271 petitions. The results of TRAC's New Jersey study demonstrate the very tangible consumer benefits of new competition in the local and long distance markets. Consumers of local and long distance services in New Jersey can expect similar benefits.

Respectfully Submitted,



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(Attachment as Noted)